



# Northwest Educational Service District 189

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Dr. Gerald W. Jenkins, *Superintendent*

## Performance Audit Response

Performance audits, established in Washington State by voter initiative in 2005, have the potential to provide a valuable public service. Unfortunately, the State Auditor's Office (SAO) costly "audit" of the educational service districts (ESDs) has resulted in the public receiving a report that purports a sensational amount of "cost savings" but misleads the reader with incomplete and, at times, erroneous information. It is regrettable the SAO chose to publish a report that projects savings, which, while ostensibly quite large, are erroneous and mislead the public.

Issues that may mislead the public and other readers include, but are not limited to:

- Public experiences and perceptions are that an SAO "finding" identifies a defect in practice that needs to be corrected. However, the ESD performance audit report purported findings frequently and knowingly refer to practices that the NWESD or other ESDs were already using prior to the performance audit. Such a practice is not only contradictory to prior audit reporting, but misleads the public into believing the audit provided a service that it did not, in reality, provide.
- Unlike prior SAO reports, which include the auditee's response with the related finding, in the performance audit report, ESD responses to the alleged findings are presented in an appendix at the back of the report—where it is unlikely the public will see them. The purported findings fail to refer to the ESD responses, or where they are located—despite numerous requests to present a balanced report. These responses provide valuable information needed for a more complete picture that may nullify or contradict the results in the more visible purported finding section of the report.
- The amounts presented as savings are inaccurate and misleading. For example, much of the purported savings are assumed by reassigning current ESD staff to other publicly funded positions providing services to school districts. Such alleged savings are simply replacing one set of costs with another. No public money will be saved.
- The NWESD proposed total annual purported \$11,000 savings is based upon a known and temporary business management program deficit that was recovered by year end—documenting the fallacy of the alleged finding and leaving no identified savings of any kind for NWESD. In addition, although referred to as a cost savings, the purported finding did not meet the definition of cost savings as it recommended the deficit be recovered from the school districts. Again no costs would be saved—only shifted to the publicly funded school districts.
- Even if the unrealistic total purported savings for the nine ESDs is accepted as possible, the amount represents 9/10<sup>th</sup> of one percent of the total ESD budgets—thereby providing evidence of the ESDs' efficiency.

The NWESD dedicated enormous resources—time, personnel, and materials—to respond to the SAO initiated requests for information, in order to facilitate what should have been a valuable performance audit experience. NWESD costs are estimated to exceed \$60,000. Consequently, NWESD's primary mission to provide services to its educational communities and their students

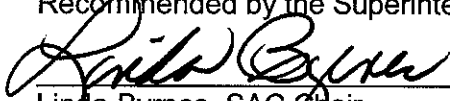
was deflected to provide extensive information for an audit that provided very little benefit to NWESD or to the citizens who paid for it. Several school district requests for services needed during this period could not be provided or had to be deferred. This was a direct result of the tremendous strain on NWESD staff time required to obtain the requested audit information.

The NWESD has shared the performance audit process and report with its member school districts and public. After much deliberation, including consideration that criticism of the audit process and report may result in retaliation from the SAO and others with a vested interest in a report that purports to provide the public with large cost savings, the NWESD Board believes it is in the best interests of the public to accept the Superintendents' Advisory Committee (SAC) recommendations that the NWESD:






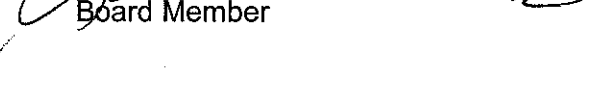
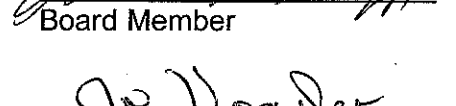
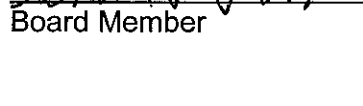
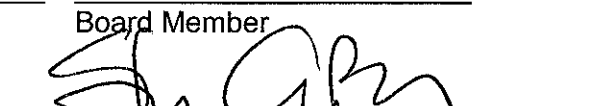
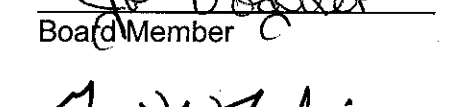
- 1) performance audit process and report contain inaccuracies and are misleading;
- 2) resources have been diverted from member school district services for a performance audit process yielding purported finding recommendations of minimal value;
- 3) continues to welcome and receive annual SAO fiscal and compliance audits;
- 4) performance audit costs (monetary, personnel, and deferred services) greatly exceed the potential benefit; and,
- 5) formally decline all recommendations based upon their lack of foundation and value.

Therefore, no further public dollars should be expended annually responding to the dubious performance audit contents. Rather, the NWESD will continue its ongoing efforts to be a high-performance organization that works with the school districts' Superintendents' Advisory Committee (SAC) and others to evaluate and improve its services and programs for the educational community it serves.

Recommended by the Superintendents' Advisory Committee at its January 18, 2008 meeting.

  
Linda Byrnes, SAC Chair

Adopted by the NWESD Board of Directors at its 1/23/08 meeting.

 Board Chair	 Board Vice-Chair	 Board Member
 Board Member	 Board Member	 Board Member
 Board Member	 Board Member	 Board Member
 Attest: Secretary to the Board		